

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**BOND FINANCING PROGRAM**  
**Meeting Date: November 19, 2013**  
*Request for Amendment and Extension to Initial Resolution*

Prepared by: *Mario Wong*

<b>Applicant:</b>	TAMCO and/or its Affiliates	<b>Amount Requested:</b>	\$50,000,000
<b>Project Location:</b>	Rancho Cucamonga (San Bernardino County)	<b>Application No.:</b>	809
		<b>Initial Resolution No.:</b>	08-03
		<b>Prior Actions:</b>	IR Approved 02/27/08, IR Amended 01/25/11

**Summary.** TAMCO and/or its Affiliates (the “Company”) requests amendments and an extension to Initial Resolution No. 08-03 to increase the par amount to an amount not to exceed \$50,000,000 to reflect an expanded scope of the project. The Initial Resolution was originally approved on February 27, 2008 for an amount not to exceed \$30,000,000, and amended and extended on January 25, 2011 for an amount not to exceed \$35,000,000.

**Borrower.** The Company is a steel mini-mill that recycles scrap metal into concrete reinforcing bars (rebar) used in the construction of buildings, freeways, bridges, parking garages and other concrete structures throughout the western United States. TAMCO is a wholly-owned subsidiary of Gerdau Ameristeel Corporation, which, in turn, is a wholly-owned subsidiary of Gerdau, S.A. which is a publicly traded company on the New York Stock Exchange under the symbol GGB.

**Legal Questionnaire.** The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed in the Legal Status portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

**Project Description.** The Company intends to construct and equip a new bag house facility and other steel processing improvements related to the manufacturing of steel from scrap metals. The new bag house facility will replace the current facility which will be demolished. The project is structured to capture the dust emissions from the scrap metal melting process and prevent these emissions from entering the atmosphere. The dust will be filtered to capture recyclable iron, zinc, lead and cadmium before being shipped to a hazardous waste facility. The Company’s current request reflects an expanded scope of the project which now includes other components such as machinery for the production of steel and the capturing of waste particulates and disposal, dust control equipment, a conveyor, guide rails and improvements to the melting shop.

**Volume Cap Allocation.** The Company anticipates applying to the Authority for volume cap allocation by mid-2014.

**Financing Details.** The Company anticipates the issuance of negotiated tax exempt bonds.

**Financing Team.**

**Underwriter:** Bank of America Merrill Lynch  
**Bond Counsel:** Orrick, Herrington & Sutcliffe LLP  
**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of the amendments and extension to Initial Resolution No. 08-03 for TAMCO and/or its Affiliates for an amount not to exceed \$50,000,000.

*Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.*

**AMENDMENT OF  
RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO  
FINANCE SOLID WASTE DISPOSAL FACILITIES FOR  
TAMCO AND/OR ITS AFFILIATES**

**November 19, 2013**

**WHEREAS**, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (“Act”) to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including resource recovery and energy conversion facilities; and

**WHEREAS**, at the request of TAMCO, a California corporation, and/or its Affiliates (the “Company”) the Authority adopted its Initial Resolution No. 08-03 on February 27, 2008 (the “Initial Resolution”) in the amount of not to exceed \$30,000,000 to assist in financing the acquisition, construction and rehabilitation of solid waste disposal facilities and equipment described as the “Project” in the Initial Resolution; and

**WHEREAS**, at the further request of Company the Authority adopted an amendment of the Initial Resolution on January 25, 2011 (the “Prior Amendment”) in order to increase the dollar amount of the Initial Resolution to reflect Project cost increases; and

**WHEREAS**, the Company has submitted a further amendment to its application (the “Revised Application”) to the Authority and has requested that the Authority amend the Initial Resolution, as amended by the Prior Amendment, in order to (i) revise the description of the Project, and (ii) increase its dollar amount to reflect revised Project costs;

**NOW, THEREFORE, BE IT RESOLVED** by the California Pollution Control Financing Authority as follows:

**Section 1.** The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an “Affiliate” of the Company means any person or entity which controls, is controlled by, or is under common control with, the Company, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise. An Affiliate shall also be a “participating party” as defined in the Act.

**Section 2.** The definition of “Project” as referenced in the Initial Resolution, as amended by the Prior Amendment, is hereby modified to mean “financing the modernization and expansion of the Company’s steel mini mill facility, including, but not limited to, the construction and equipping of a new bag house facility and other steel processing improvements relating to the manufacturing of steel from scrap materials, as more fully described in the Revised Application.”

## **Agenda Item 4.A.**

**Section 3.** The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$50,000,000 principal amount of bonds of the Authority for the Project, including for the purpose of reimbursing to the Company costs incurred for the Project prior to the issuance of the bonds. All references in the Initial Resolution, as amended by the Prior Amendment, to the dollar amount thereof shall be changed from “35,000,000” to “50,000,000.”

**Section 4.** Section 6 of the Initial Resolution, as amended by the Prior Amendment, is hereby modified to add the following statement at the end of such Section: “It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.”

**Section 5.** Section 7 of the Initial Resolution, as amended by the Prior Amendment, is hereby modified to provide that the Initial Resolution shall cease to be effective on November 19, 2016 unless the Authority specifically adopts a further resolution extending the effective date of the Initial Resolution.

**Section 6.** Exhibit A to the Initial Resolution, as amended by the Prior Amendment, is replaced by the attached Exhibit A.

**Section 7.** Except as set forth in Sections 2, 3, 4, 5 and 6, all of the provisions of the Initial Resolution, as amended by the Prior Amendment, shall remain in full force and effect and are hereby ratified and confirmed. This Amendment shall take effect upon its adoption.

**EXHIBIT A**

**NUMBER:** 08-03

**LOCATION:** 12459-B Arrow Route, Rancho Cucamonga, CA 91739

**TYPE:** Pollution Control and Solid Waste Disposal

**AMOUNT:** Up to \$50,000,000